

Message Text

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44

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E. O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: UCR DOCUMENT CRITICIZES GOA ECONOMIC POLICIES

1. UCR (UNION CIVICA RADICAL) GAVE TO PRESS A PARTY DOCUMENT WHICH STRONGLY CRITICIZES CURRENT GOA ECONOMIC PROGRAMS AND POLICIES. MAJOR POINTS AS FOLLOWS:

2. PUBLIC SECTOR - CURRENT EXPENDITURES EXCESSIVE, ADVERSELY AFFECTING PUBLIC INVESTMENT PROGRAM AND CONTRIBUTING TO HUGE FISCAL DEFICIT. PUBLIC ADMINISTRATORS MISUSING PUBLIC FUNDS SHOULD BE FINED FORTHWITH. TAX REFORM PROGRAM REPRESENTS POSITIVE FORWARD STEP BUT RATES OF PROFITS TAX AND VALUE ADDED TAX ARE EXCESSIVE. MAJOR PROBLEM IS TO CURB TAX EVASION.

3. SOCIAL PACT - SHOCK TREATMENT TO CONTROL INFLATION EVENTUALLY HURTS POPULATION AND SOCIAL CLASSES IT SEEKING TO PROTECT. PACT HAS LED TO SEVERE ECONOMIC DISTORTIONS, INCLUDING SHORTAGES AND BLACK MARKET, WHICH ADVERSELY AFFECTING PRODUCTION AND INVESTMENT.

4. AGRICULTURE - GOA STILL LACKS COHERENT AGRICULTURAL POLICY. AGRICULTURAL TAXES ARE EXCESSIVE AND INEQUITABLE. GRAIN

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COMMERCIALIZATION BADLY MISMANAGED RESULTING IN SUBSTANTIAL

FINANCIAL LOSSES. CATTLE POLICY ALSO DEFICIENT AS PRODUCERS ARE DISCOURAGED AND MEAT PLANTS ARE SUFFERING FINANCIALLY AND PUBLIC FACES SHORTAGES.

5. CREDIT POLICY - DEPOSIT NATIONALIZATION HAS PRODUCED UNFAVORABLE RESULTS. CREDIT FREQUENTLY USED TO OFFSET LOW PROFITABILITY OF FIRMS RATHER THAN TO STIMULATE INVESTMENT AND PRODUCTION. MOREOVER, CREDIT POLICY TO PRIVATE SECTOR HAS BEEN RESTRICTIVE IN EFFORT TO REDUCE MONETARY EXPANSION RESULTING FROM FINANCING OF PUBLIC DEFICIT.

6. ENERGY - ARGENTINA NOT TAKING PROPER MEASURES TO REDUCE PETROLEUM CONSUMPTION AND CONSEQUENTLY IMPORT REQUIREMENTS. RECENT PETROLEUM PURCHASES AT PRICES ABOVE WORLD LEVELS INDICATE LACK OF PREPARATION AND NEGOTIATING ABILITY ON PART OFFICIALS INVOLVED (A DIRECT CHALLENGE TO LOPEZ REGA'S DEAL WITH LIBYA.) PRODUCTION CONCESSIONS ANNULLED BY RADICALES AND LATER REVALIDATED BY SUBSEQUENT GOVERNMENTS, ARE TOTALLY INADMISSABLE AS ARE CLAUSES WHICH OBLIGE ARGENTINA TO PAY WORLD PRICES FOR OIL PRODUCED LOCALLY UNDER CONTRACT (THIS POINT APPEARS TO REFER TO PRODUCTION CONTRACTS SIGNED WITH AMOCO AND CITICORP SERVICE BY MILITARY GOVERNMENT IN 1967.)

7. CONCLUSION - SACRIFICES OF WORKING CLASS AND MANY COMPANIES NOT MATCHED BY AUSTERITY AND EFFICIENCY IN PUBLIC SECTOR. GOVERNMENT MUST SUBSTANTIALLY MODIFY PRESENT POLICIES.

8. COMMENT: UCR DOCUMENT UNDERSCORES RADICAL OPPOSITION TO SIGNIFICANT PORTION CURRENT GOA ECONOMIC PROGRAM. MOST OF RADICAL CRITICISM IS RESPONSIBLE AND WELL-DIRECTED, ALTHOUGH STRONG RADICAL SENTIMENT AGAINST FOREIGN INVESTMENT IS TROUBLING.
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